

Part Two New Opium War

The KMT are tolerated by the Thais for several reasons: they have helped in the counterinsurgency efforts of the Thai and U.S. governments against the hill tribespeople in Thailand; they have aided the training and recruiting of Burmese guerrilla armies for the CIA; and they offer a payoff to the Border Patrol Police (BPP), and through them to the second most powerful man in Thailand, Minister of the Interior Gen. Prapasx Charusasthira. The BPP were trained in the '50's by the CIA are now are financed and advised by AID and are flown from border village to border village by Air America. The BPP act as middlemen in the opium trade between the KMT in the remote regions of Thailand and the Chinese merchants in Bangkok. These relationships, of course, are flexible and changing, with each group wanting to maximize profits and minimize antagonisms and dangers. But the established routes vary, and sometimes doublecrosses are intentional.

In the summer of 1967 Chan Chi-foo set out from Burma through the KMT's territory with 300 men and 200 packhorses carrying nine tons of opium, with no intention of paying the usual fee of \$80,000 protection money. But troops cut off the group near the Laotian village of Ban Houei Sai in an ambush that turned into a pitched battle. Neither group, however, had counted on the involvement of the kingpin of the area's opium trade: the CIA-backed Royal Lao Government Army and Air Force, under the command of General Ouane Rathikoune. Hearing of the skirmish, the general pulled his armed forces out of the Plain of Jars in northeastern Laos where they were supposed to be fighting the Pathet Lao guerrillas, and engaged two companies and his entire air force in a battle of extermination against both sides. The result was nearly 30 KMT and Burmese dead and a half-ton windfall of opium for the Royal Lao Government.

In a moment of revealing frankness shortly after the battle, General Rathikoune, far from denying the role that opium had played, told several reporters that the opium trade was "not bad for Laos." The trade provides cash income for the Meo hill tribes, he argued, who would otherwise be penniless and therefore a threat to Laos' political stability. He also argued that the trade gives the Lao elite (which includes government officials) a chance to accumulate capital to ultimately invest in legitimate enterprises, thus building up Laos' economy. But if these rationalizations seemed weak, far less convincing was the general's assertion that, since he is in total control of the trade now, when the time comes to put an end to it he will simply put an end to it.

Morphine Refineries

It is unlikely that Rathikoune, one of the chief warlords of the opium dynasty, will decide to end the trade soon. Right outside the village of Ban Houei Sai, hidden in the jungle, are several of his

refineries--called "cookers"--which manufacture crude morphine (which is refined into heroin at a later transport point) under the supervision of professional pharmacists imported from Bangkok. Rathikoune also has "cookers" in the nearby villages of Ban Khwan, Phan Phung, and Ban Khueng (the latter for opium grown by the Yao tribe.) Most of the opium he procures comes from Burma in the caravans such as Chan Chi-foo's; the rest comes from Thailand or from the hill tribespeople (Meo and Yao) in the area near Ban Houei Sai. Rathikoune flies the dope from the Ban Houei Sai area to Luang Prabang, the Royalist capital, in helicopters given the United States military aid program.

Others in the Lao elite and government own refineries. There are cookers for heroin in Vientiane, two blocks from the King's residence; near Luang Prabang; on Khong Island in the Mekong River on the Lao-Cambodian border; and one recently built by Kouprasith Abhay (head of the military region around Vientiane, but also from the powerful Abhay family of Khong Island) at Phou Khao Khouai, just north of Vientiane. Other lords of the trade are Prince Boun Oum of Southern Laos, and the Sananikone family, called the "Rockefellers of Laos." Phoui Sananikone, the clan patriarch, headed a U.S.-backed coup in 1959 and is presently President of the National Assembly. Two other Sananikones are deputies in the Assembly, two are generals (one is Chief of Staff for Rathikoune), one is Minister of Public Works, and a host of others are to be found at lower levels of the political, military and civil service structure. And the Sananikones' airline, Vaha Akhat, leases with opium-growing tribespeople. But the opium trade is popular with the rest of the elite, who rest RLG aircraft or create fly-by-night airlines (such as Laos Air Charter to Lao United Airlines) to do their own direct dealing.

CIA Protects Opium Traders

Control of the opium trade has not always been in the hands of the Lao elite, although the U.S. has been at least peripherally involved in who the beneficiaries were since John Foster Dulles's famous 1954 commitment to maintain an anti-communist Laos. The major source of opium in Laos has always been the Meo growers, who were selected by the CIA as its counterinsurgency bulwark against the Pathet Lao guerrillas. The Meos' mountain bastion is Long Cheng, a secret base 80 miles northeast of Vientiane, built by the CIA during the 1962 Geneva Accords period. By 1964 Long Cheng's population was nearly 50,000, comprised largely of refugees who had come to escape the war and who were kept busy growing poppies in the hills surrounding the base.

The secrecy surrounding Long Cheng has hidden the trade from reporters. But security has not been complete: Carl Strock reported in the January 30 *Far Eastern Economic Review* that

T-28 bombers while armed CIA agents chatted with uniformed Thai soldiers and piles of raw opium stood for sale in the market (a kilo for \$32). It's old hat by now, but the U.S. embassy press attache and the director of USAID's training center was denied clearance to visit the mountain redoubt." The CIA not only protects the opium in Long Cheng and various other pick-up points, but also gives clearance and protection to opium-laden aircraft flying out.

For some time, the primary middle-men in the opium traffic had been elements of the Corsican Mafia, identified in a 1966 United Nations report as a pivotal organization in the flow of narcotics. In a part of the world where transportation is a major problem and where air transport is a solution, the Corsicans were able to parlay their vintage World War II airplanes (called the butterfly fleet or according to "Pop" Buell, U.S. citizen-at-large in the area, "Air Opium") into a position of control. But as the Laotian civil war intensified in the period following 1963, it became increasingly difficult for the Corsicans to operate, and the Meos started to have trouble getting their crop out of the hills in safety.

The vacuum that was created was quickly filled by the Royal Lao Air Force, which began to use helicopters and planes donated by the U.S. not only for fighting the Pathet Lao but also for flying opium out from airstrips pockmarking the Laotian hills. This arrangement was politically more advantageous than prior ones, for it consolidated the interests of all the anti-communist parties. The enfranchisement of the Lao elite gave it more of an incentive to carry on the war Dulles had committed the U.S. to back; the safe transport of the Meos' opium by an ideologically sanctioned network increased the incentive of these CIA-equipped and trained tribesmen to fight the Pathet Lao. The U.S. got parties that would cooperate with its foreign policy not only for political reasons, but on more solid economic grounds. Opium was the economic cement binding all the parties together much more closely than anti-communism could.

Agent Collects Opium

As this relationship has matured, Long Cheng has become a major collection point for opium grown in Laos. CIA protegee General Vang Pao, former officer for the French colonial army and now head of the Meo counterinsurgents, uses his U.S.-supplied helicopters and STOL (short-take-off-and-landing) aircraft to collect the opium from the surrounding area. It is unloaded and stored in hutsches in Long Cheng. Some of it is sold there and flown out in Royal Laoitan Government C-47's to Saigon or the Gulf of Siam or the South China Sea, where it is sold to Chinese merchants who then fly it to Saigon or to the ocean drops. One of Vang Pao's main sources of transport, since the RLG Air Force is not under his control, is the CIA-created Xieng Kouang Airline, which is still supervised by an American, though it is scheduled soon to be turned over completely to Vang Pao's men. The airlines tow C-47's (which can carry maximum of 4000 pounds) are used only for transport to Vientiane.

Prior to Nixon's blitzkrieg in Laos, the opium trade was booming. Production had grown rapidly since the early '50's to a level of 175-200 tons a year, with 400 of the 600 tons produced in Burmas, and 50-100 tons of that grown in Thailand, passing through Laotian territory. But if the opium has been an El Dorado for the Corsicans, the Aao elite, the CIA and others, it has been a Remesis for the Meo tribesmen. For in becoming a pawn in the larger strategy of the U.S. Approved For Release 2001/08/30 : CIA-RDP73B00296R000300060020-1

new 15 years, and their population reduced from 100,000 to 20,000. The Meos, who have been in CIA service, in other words, has been their destruction as a people.

Madame Nhu and Premier Ky: Pushers

Both the complexity and the finality of the opium web which connects Burma, Thailand, Laos and South Vietnam stretch the imagination. So bizarre is the opium network and so pervasive the traffic that were it to appear in an Ian Fleming plot, we would pass it off as torturing the credibility of thriller fiction. But the trade is real and the net has entangled governments beyond the steaming jungle of Indochina. In 1962, for instance, the opium smuggling scandal stunned the entire Canadian Parliament. It was in March of that year that Prime Minister Diefenbaker confirmed rumors that nine Canadian members of the immaculated United Nations International Control Commission had been caught carrying opium from Vientiane to the international markets in Saigon on UN planes.

The route from Laos to Saigon has long been one of the well-established routes of the heroin-opium trade. In August 1967, a C-47 transport plane carrying two and a half tons of opium and some gold was forced down near Da Lat, South Vietnam, by American gunners when the pilot failed to identify himself. The plane and its precious cargo, reportedly owned by General Rathikoune's wife, were destined for a Chinese opium merchant and piloted by a former KMT pilot, L.G. Chao. Whatever their ownership, the dope-running planes usually land at Tan Son Nhut airbase, where they are met in a remote part of the airport with the protection of airport police.

GI Trade

A considerable part of the opium and heroin remains in Saigon, where it is sold directly to U.S. troops or distributed to U.S. bases throughout the Vietnamese countryside. One GI who returned to the States an addict was August Schultz. He's off the needle now, but how he got on is most revealing. Explaining that he was "completely straight, even a right-winger" before he went into the Army, August told *Ramparts* how he fell into the heroin trap: "It was a regular day last April (1970) and I just walked into this bunker and there were these guys shooting up. I said to them, 'What are you guys doing?' Believe it or not, I really didn't know. They explained it to me and asked me if I wanted to try it. I said sure."

Probably a fifth of the men in his unit have at least tried junk, Schultz says. But the big thing, as his buddy Ronnie McSheffrey adds, was that most of the officers in his company, including the MP's, knew about it. McSheffrey saw MP's in his own division (6th Battalion, 31st Infantry, 9th Division) at Tan An shoot up, just as he says they saw him. He and his buddies even watched the unit's sergeant-major receive payoffs at a nearby whorehouse where every kind of drug imaginable was available.

An article by Kansas City newspaperwoman Gloria Emerson inserted into the Congressional Record by Senator Stuart Symington on March 10 said: "In a brigade headquarter at Long Binh, there were reports that heroin use in the unit had risen to 20 per cent... 'You can salute an officer with your right hand, and take a "hit" of heroin in your left,' an enlisted man from New York told me... Along the 15-mile Bien Hoa highway running north to Saigon from Long Binh, heroin can be purchased at any of a dozen conspicuous places within a few minutes, and was by this reporter, for three dollars a vial."

CONCLUSION NEXT WEEK